Expect Strong Shopper Turnout During the Holiday Season
Widespread Consumer Adaptation to Omni-Channel Environment

Key Takeaways

- This year, 92% of U.S. adults plan to purchase holiday gifts and other holiday-related items.
- Overall, holiday shoppers plan to spend $706, on average—$522 on gifts and $184 on other holiday-related goods.
- Nearly nine of 10 holiday shoppers plan to make purchases in physical stores, a percentage that rises to 95% when those who will purchase online from retailers with stores are included.
- More than four-fifths (82%) of click-and-collect shoppers expect to make an additional purchase when picking up their items.
- Holiday shoppers intend to allocate about seven of every 10 dollars they spend on gifts and other holiday merchandise to retailers with physical stores.
- As in previous years, about two-thirds of shoppers will begin making holiday purchases before Thanksgiving. This year, however, slightly more will wait until later in the season to start.
- Most shoppers (52%) expect to finish within the last 10 days before Christmas—more than in previous years.
- More than eight of 10 holiday shoppers intend to buy in November and the same share will do so in December. During those months, about three-fourths of total shopping will be done.
- This year, more shoppers plan to make purchases on Black Friday, Super Saturday, Thanksgiving Day and Christmas Eve than in 2017.
- Discount department stores, traditional department stores and electronics stores are going to be the most popular venues.
- Gift cards, apparel and toys are expected to be the top gifts.
- More than four-fifths of holiday shoppers will visit malls and other shopping centers to shop and participate in other activities.
- Nearly 80% of in-store holiday shoppers plan to research online before making purchases and slightly less will use their mobile device in the physical establishment.
- Approximately three-quarters of shoppers indicate that promotions will play a role in their shopping behaviors.

The holiday shopping season—the busiest time of the year for the retail real estate industry—is beginning. This year’s consumers, some of whom already started buying, are indicating similar behaviors compared to those from the same period last year.1 Retailers and shopping centers can expect a host of omni-channel shoppers equipped with technology to find what they want quickly and cost-effectively—and ready to keep buying through Christmas.

Millennials and Gen Xers Expect to Spend More This Year

Not unlike past seasons, more than nine of 10 (92%) U.S. adults are planning to buy for the holidays this year. These holiday shoppers intend to spend an average of $706 on merchandise. (See Chart 1.) Of that total, 74% (or $522) will go to gifts, while 26% (or $184) will go to other holiday items.

Among the age groups, Gen Xers plan to spend the most this year ($896), a 12% increase over their holiday-spending intentions in 2017, while Millennials expect to buy 11% more than last year. As of now, Baby Boomers indicated lower expenditures; however, it is important to note, that in past consumer surveys, actual spending (for all groups) has always been higher than what was anticipated.

By income group, spending intentions vary more significantly, as indicated in Chart 2. On average, the most affluent shoppers will spend about 2.5 times more than the least affluent group during this holiday season. These differences mainly come from gift expenditures. The top earners expect to spend nearly three times as much on gifts than shoppers earning the least and two times as much on other holiday-related items.

By gender (not shown in any chart), males intend to spend about 14% more than females, a difference attributable to a $76 spending difference on gifts.

Also noteworthy, among the group planning to spend more this year than in 2017 (54% of shoppers), changes in the number of gift recipients (45%) and in holiday shoppers’ budgets (35%)—regardless of their job status or income—are the top two reasons for increasing expenditures. These reasons are closely followed by a change in the cost of holiday items (34%) and a modification in job status or income (28%).

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1 These results and others in this report are based on a representative poll of 1,002 adults in the U.S., conducted between September 17 and 19, 2018, by Engine Insights on behalf of ICSC.
Holiday Shoppers Utilize All Available Purchasing Channels, But Physical Stores Are Dominant

Similar to previous years and across all generational cohorts, most holiday shoppers—nearly nine of 10 (88%)—plan to spend money at brick-and-mortar locations, as shown in Table 1. That share rises to 95% of holiday shoppers making purchases from traditional retailers when taking into account the 57% of them who will buy online from those companies. About two-fifths (42%) expect to buy online from a retailer with a physical presence and have the goods shipped home, while almost as many (40%) will pick up their online orders in store.

<table>
<thead>
<tr>
<th>Retail format</th>
<th>Percent of holiday season shoppers</th>
<th>Percent of total holiday season expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical stores</td>
<td>88%</td>
<td>95%</td>
</tr>
<tr>
<td>Online from retailers with stores</td>
<td>57%</td>
<td>13%</td>
</tr>
<tr>
<td>…..Ship to home/office</td>
<td>42%</td>
<td>12%</td>
</tr>
<tr>
<td>…..Pick up in store</td>
<td>40%</td>
<td>12%</td>
</tr>
<tr>
<td>Pure online retailers</td>
<td>60%</td>
<td>25%</td>
</tr>
<tr>
<td>…..Amazon</td>
<td>58%</td>
<td>22%</td>
</tr>
<tr>
<td>…..All other pure online retailers</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Other sources</td>
<td>17%</td>
<td>3%</td>
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In addition, those planning to buy online but collect their items in store will continue shopping. More than four-fifths (82%) of click-and-collect shoppers expect to make an additional purchase at that store/tenant, an adjacent establishment, or another unit within the same shopping center.

Overall, slightly fewer holiday shoppers (60%) will purchase from pure online retailers than in 2017 (65%). Specifically, 58% indicated spending through Amazon and 16% from all other pure online retailers this year. Last year, these shares were 63% and 19%, respectively.

Also shown in Table 1, about 70% of holiday shopping expenditures will occur in physical stores/establishments or online from retailers that have a physical presence. For the first time, holiday shoppers plan to allocate just as much of their total dollars online to retailers with stores (25%) as they will to pure online companies (25%).

Interestingly, about two-thirds (65%) of shoppers say that their online purchases are not meant to replace in-store shopping, but will complement shopping they will also do at brick-and-mortar locations. A majority (59%) of them also indicate that when buying online during the holidays, it is important for the retailers to have a physical store presence.

So why are physical stores so popular among holiday shoppers? More than half cite the abilities to physically see, touch, or try on the merchandise (55%) and get items immediately (52%). They also say better prices/good deals/promotions (40%), convenient one-stop shopping (37%), not wanting to pay for shipping (37%), the ease of returns or exchanges (34%) and the ability to window shop or browse (32%) influence their decision to shop at physical establishments. Finally, about one-quarter (24%) say they go to stores because it is a fun/traditional activity to do with others given the festive atmosphere and décor.

Holiday Shopping Expected to Last Through Season’s End

This year’s holiday shoppers intend to start making purchases about the same time as in the past; however, slightly more plan to wait a bit longer. About two-thirds (65%) of them have already started or plan to start shopping before Thanksgiving. (See Chart 3.) Among that group, 41% will start in either October or before Thanksgiving in November. Roughly one-quarter (23%) expects to begin during the long Thanksgiving weekend, while the remaining 14% will start just after that and through Christmas (compared with 11% in 2017). The slight shift toward a later start this year is primarily a result of more Baby Boomers and Gen Xers delaying purchases. Surprisingly, more Millennials (68%) will start before Thanksgiving compared with Gen X (64%) or Boomers (66%).

As for when they will finish, a majority (52%) of holiday shoppers expect to make their final purchases within the last 10 days of the season—more than in previous years. Baby Boomers and Gen Xers are the main contributors to this pattern, which is a result of more of them getting a later start than Millennials. (See Chart 4.)

As shown in Chart 5, November (82%) and December (81%) will see the most shoppers. Chart 6 illustrates that during those two months, nearly three-quarters (73%) of all holiday purchases will be made. Like last year, during this season, 51% plan to buy in October. However, these shoppers will do a greater share of their shopping (14%) in that month than in past years.

Black Friday will continue to be the busiest shopping day of the season with just under half (46%) of shoppers planning to make purchases that day. (See Chart 7.) This is more than in 2016 (41%) or 2017 (44%). Following that is Cyber Monday (40%) and the Saturday/Sunday after Thanksgiving (25%), each cited by fewer shoppers this year. Super Saturday (18%), Thanksgiving
Day (15%) and Christmas Eve are likely to be busier this year as more shoppers expect to buy on those days.

Except for the weekend following Thanksgiving, more Millennials plan to shop on all of these days than Gen Xers or Boomers, particularly Black Friday when 59% of Millennials, 49% of Gen X and 34% of Boomers will shop. Many of the “timing” trends discussed in this section are a result of when shoppers feel they can find good deals. Nearly two-thirds (63%) say they plan their shopping around specific promotional events/dates such as Black Friday, Cyber Monday and Super Saturday.

Discount Stores and Gift Cards: The Leading Shopping Venues and Presents for Others
Discount department stores, by far, continue to be the most popular retailer among holiday shoppers with more than three-fifths (62%) of them saying they would buy in store or online from those companies. (See Chart 8.) Following those are traditional department stores (32%), electronics stores (26%), dollar/variety stores (24%), sporting goods/hobby/book/toy stores (24%), off-price retailers (23%) and wholesale clubs (21%). Many of these retailer types were also among the most popular in 2017.

There will be no shortage of visitors at malls and other shopping centers this year either, as shown in Chart 9. Overall, 84% of holiday shoppers plan to visit those venues to make purchases and for other activities. While the largest share will shop (71%), shopping center visitors also plan to dine (53%), see movies (32%), attend holiday-themed events (25%), have their child’s picture taken with Santa (23%) and use personal services (21%). One-fifth (20%) will also take the opportunity to help others in their community and contribute to philanthropic campaigns.

Gift cards (64%) are going to be the most popular item holiday shoppers give. More Boomers (74%) are expecting to give these than Gen Xers (63%) or Millennials (54%). Apparel/footwear (52%), toys and games (49%), accessories/fragrances/cosmetics (41%), electronics (40%) and food/food baskets/alcohol (39%) are also top gifts. (See Chart 10.)

Among the electronics category, holiday shoppers plan to purchase video games/consoles (55%), smartphones or related accessories (46%), TVs/Blu-ray players/stereos (39%) and PCs/laptops (36%).
Tech-Enabled Shoppers Make Informed Decisions In-Store

Nearly four-fifths (79%) of holiday shoppers say they will research online before going to stores to buy items. As shown in Chart 11, Millennials (87%) are most likely to demonstrate this behavior, with nearly as many Gen Xers (85%) doing the same. Retailers’ websites (77%) are by far the most popular method for conducting research online. Following that are apps (33%), media websites/buying guides (29%) and influencer blogs/social channels (13%).

The connection to technology continues once in store too, with 75% of holiday shoppers planning to use mobile devices while shopping in stores. (See Chart 12.) Simply possessing these devices does not guarantee use: while 91% of Millennials with mobile devices use them in stores, roughly half (52%) of Baby Boomers do so. Those who do use them compare prices (61%), look for discounts/coupons (41%), check availability/inventory (39%), take pictures of items (38%), email/text with friends/family (32%) and view ratings/reviews (30%).

Holiday Shoppers Enticed by Promotions and Low Prices

Overall, 74% of shoppers indicate that promotions/discounts and low prices play a role in their holiday shopping. Millennials (87%) are much more influenced by promotions than Gen Xers (74%) or Boomers (64%). Not only do discounts/low prices impact the stores they visit and products they buy, but other specific behaviors as well. More than three-fifths (62%) say searching for deals/discounts/promotions during the holiday season encourages them to make more trips to physical stores. Once in a brick-and-mortar location, 89% say finding holiday items that are discounted is the most important factor during the season and about two-thirds (65%) tend to spend more time in stores looking for discounted items than at other times of the year. Furthermore, buying holiday gifts and other holiday items at a discount encourages seven of 10 (70%) shoppers to buy more because of the feeling that they are getting a lot for their money.

Additional Holiday Shopping Insights

- Nearly three-fifths (59%) of holiday shoppers are more willing to shop at and/or purchase from new/different retailers (in-store or online) that they are less familiar with during the holiday season than other times of the year.
- Compared with other times of the year, holiday shoppers (66%) are more likely to use all online and in-store options for shopping (including browsing, purchasing, shipping, picking up, returning) offered by retailers.
- More than two-fifths (44%) of holiday shoppers expect to spend either “very often” or “often” online from retailers whose stores they also purchase from. An additional 35% say they would likely do that “sometimes.”
- When shopping for gifts and/or other holiday-related items in a store, nearly three-quarters (73%) of shoppers tend to buy additional items in the same store they had not originally planned. Fewer (58%) say they make additional, unintended purchases when shopping online.

Conclusion

The results of this year’s holiday intentions survey are not only similar to the same 2017 survey, but are also in line with consumer responses from similar ICSC polls. As such, what is most noteworthy is the consistency in shopping behavior: not pursuing merchandise solely online or through physical stores, but in both channels, with brick-and-mortar establishments at the forefront.